

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 EURE-00 AGR-01 FEA-01 CEA-01  
CIAE-00 COME-00 DODE-00 EB-07 FRB-03 H-01 INR-07  
INT-05 L-03 LAB-04 NSAE-00 NSC-05 PA-01 EPG-02  
AID-05 SS-15 STR-04 ITC-01 TRSE-00 USIA-06 PRS-01  
SP-02 OMB-01 AF-10 ARA-10 EA-07 NEA-10 IO-13  
ERDA-05 FPC-01 PM-04 OES-07 ACDA-07 /163 W  
-----141911Z 065778 /46

P R 141736Z JUN 77  
FM AMEMBASSY LONDON  
TO SECSTATE WASHDC PRIORITY 5029  
INFO AMEMBASSY CANBERRA  
AMEMBASSY NASSAU  
AMEMBASSY DACCA  
AMEMDMSSY BRIDGETOWN  
AMEMBASSY GABORONE  
AMEMBASSY OTTAWA  
AMEMBASSY NICOSIA  
AMEMBASSY SUVA  
AMEMBASSY BANJUL  
AMEMBASSY ACCRA  
AMEMBASSY GEORGETOWN  
AMEMBASSY NEW DELHI  
AMEMBASSY KINGSTON  
AMEMBASSY NAIROBI  
AMEMBASSY MASERU  
AMEMBASSY KUALA LUMPUR  
AMEMBASSY LILONGWE  
AMEMBASSY VALLETTA  
AMEMBASSY PORT LOUIS  
AMEMBASSY WELLINGTON  
AMEMBASSY LAGOS  
AMEMBASSY PORT MORESBY  
AMEMBASSY VICTORIA  
AMEMBASSY FREETOWN  
AMEMBASSY SINGAPORE  
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AMEMBASSY COLOMBO  
AMEMBASSY MBABANE  
AMEMBASSY DAR ES SALAAM  
AMEMBASSY PORT OF SPAIN  
AMEMBASSY LUSAKA  
AMEMBASSY MAPUTO  
AMEMBASSY PRETORIA

AMCONSUL CAPE TOWN  
USMISSION USUN NEW YORK

LIMITED OFFICIAL USE SECTION 01 OF 02 LONDON 09801

E.O. 11652: N/A

TAGS: EGEN, EAID, XX, XF

SUBJECT: COMMONWEALTH CONFERENCE: ECONOMIC DIS-  
CUSSIONS

REF: LONDON 9704

1. SUMMARY. PRESSURE IS BEING APPLIED TO BRITAIN AND THE OTHER DEVELOPED MEMBER COUNTRIES TO COMMIT THEMSELVES DURING THE COMMONWEALTH SUMMIT TO REFORM OF THE WORLD ECONOMIC SYSTEM. THE COMMONWEALTH HEADS OF GOVERNMENT CONFERENCE IS THE FIRST LARGE INTERNATIONAL MEETING SINCE THE TERMINATION OF THE NORTH-SOUTH TALKS IN PARIS. ALTHOUGH THE LDC LEADERS MAY NOT YET HAVE HAD TIME TO ABSORB THE FULL CONSEQUENCES OF CIEC, IT IS CLEAR FROM THEIR SPEECHES AND DISCUSSIONS THAT MOST ARE STRONGLY DISAPPOINTED WITH THE MODEST RESULTS. WHILE THE "FAILURE" OF THE 18 MONTHS OF TALKS HAS GIVEN THE ECONOMIC DEBATE AT THE SUMMIT A SPECIAL PERTINENCY, IT IS UNLIKELY THAT ANY STARTLING, NEW INITIATIVES WILL BE AGREED.

2. JAMAICAN PRIME MINISTER MICHAEL MANLEY OPENED THE LIMITED OFFICIAL USE

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ECONOMIC DEBATE BY REQUESTING SUPPORT FOR A NEW 25 BILLION DOLLAR SPECIAL FUND FOR INVESTMENT IN NEW SOURCES OF ENERGY. DATUK HUSSEIN, MALAYSIAN PREMIER, FOLLOWED WITH CALL FOR ADOPTION OF A SPECIAL ACTION PROGRAM. HE ALSO CRITICIZED UK FOR ITS SHORT-SIGHTEDNESS TOWARDS WORLD DEVELOPMENT ISSUES. MOST OF DISCUSSION HAS FOCUSED ON COMMONWEALTH EXPORTS GROUP REPORT WITH EMPHASIS ON COMMON FUND AND DEBT RECYCLING AND THE JHA REPORT ON INDUSTRIALIZATION. MAIN NEW DEVELOPMENT LIKELY TO EMERGE FROM TALKS IS THE ESTABLISHMENT OF A "SPECIAL COMMONWEALTH TASK FORCE" TO TRY AND PREPARE JOINT APPROACH TO THE COMMON FUND. END SUMMARY.

3. WITHOUT GOING INTO PRECISE DETAILS, JAMAICAN PRIME MINISTER MICHAEL MANLEY HAS CALLED FOR THE CREATION OF A SPECIAL NEW FUND OF 25 BILLION DOLLARS FOR INVESTMENT IN NEW SOURCES OF ENERGY. IT WOULD BE FINANCED BY THE INDUSTRIALIZED COUNTRIES AND THE OPEC STATES AT

A RATE OF FIVE BILLION DOLLARS A YEAR OVER THE NEXT FIVE YEARS WITH THE FUNDS BEING CHANNELLED THROUGH THE WORLD BANK. MANLEY SAID THAT UNLESS SUBSTANTIAL EXTRA, I.E., ADDITIONAL FUNDS WERE AVAILABLE TO INSTITUTIONS SUCH AS THE WORLD BANK, EXISTING RESOURCES WOULD INCREASINGLY BE DIVERTED TO ENERGY NEEDS TO THE DETRIMENT OF THE OTHER "GREAT PROBLEMS OF SOCIAL AND ECONOMIC DEVELOPMENT".

4. THE MALAYSIAN PREMIER DATUK HUSSEIN CRITICIZED UK PRIME MINISTER'S REFERENCES TO UNEMPLOYMENT IN THE INDUSTRIALIZED WORLD AND THE "LONG ROAD" TO A MORE EQUITABLE DISTRIBUTION OF THE WORLD'S RESOURCES. HE SAID THIS ATTITUDE HAS PERSISTED TOO LONG AND THAT THE RICH COUNTRIES AND THE UK IN PARTICULAR SHOULD POINT THE WAY BY EXAMPLE AND NOT ONLY BY MERE PRECEPT. HE PROCEEDED TO CALL FOR ADOPTION OF A "SPECIAL ACTION LIMITED OFFICIAL USE

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PROGRAM" TO ACHIEVE THE FOLLOWING OBJECTIVES WITHIN A SPECIFIC TIMEFRAME:

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INFO OCT-01 ISO-00 EURE-00 AGR-01 FEA-01 AF-10 ARA-10

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-----141910Z 065780 /46

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TO SECSTATE WASHDC PRIORITY 5030

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--EARLY ESTABLISHMENT OF A COMMON FUND TO STABIL-  
IZE COMMODITY PRICES;

--EXTENSION OF THE BENEFITS OF THE EEC'S LOME CON-  
VENTION TO OTHER COMMONWEALTH MEMBERS;

--ADOPTION OF GUIDELINES FOR THE GENERALIZED  
SOLUTION OF THE DEVELOPING COUNTRIES' DEBT PROBLEMS;

--AGREEMENT ON THE NEED TO IDENTIFY A PRACTICAL

LIST OF SPECIFIC INDUSTRIAL PRODUCTS FOR PRIORITY  
MANUFACTURE IN DEVELOPING COMMONWEALTH COUNTRIES FOR  
RE-EXPORT TO DEVELOPED COUNTRY MARKETS:

--INCREASED FOOD PRODUCTION AND RURAL DEVELOPMENT  
PROGRAMS.

5. MOST OF THE FORMAL DEBATE HAS BEEN BASED ON A RE-  
PORT BY A COMMONWEALTH EXPERTS GROUP CHAIRED BY  
ALISTER MCINTYRE, SECRETARY GENERAL OF THE CARIBBEAN  
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COMMUNITY. IT CALLS FOR A CLEAR ENDORSEMENT FROM THE  
RICH COMMONWEALTH NATIONS OF THE ESTABLISHMENT OF A  
COMMON FUND WHICH WOULD REGULATE WORLD COMMODITY  
PRICES. IN ADDITION, THE REPORT RECOMMENDS FUNDAMENTAL  
CHANGES IN THE INTERNATIONAL FINANCIAL SYSTEM, MORE AID  
TO THE POOR FROM THE INDUSTRIALIZED NATIONS. ACTION TO  
HELP THE POOR STATES MEET THEIR INTERNATIONAL DEBTS.  
BETTER ACCESS FOR THIRD WORLD EXPORTS IN THE RICH  
MARKETS OF THE WEST, IMPROVEMENT IN FOOD PRODUCTION  
AND RURAL DEVELOPMENT, AND A SPEEDING UP OF THIRD  
WORLD INDUSTRIALIZATION AND THE TRANSFER OF TECHNOLOGY  
TO THE POOR.

6. ANOTHER REPORT, DRAFTED BY A COMMITTEE HEADED BY  
THE INDIAN, L.K. JHA, CALLS FOR RICHER NATIONS TO AID  
INDUSTRIALIZATION IN THE THIRD WORLD. PROGRESS ON  
LOWERING TARIFF BARRIERS AND DOING AWAY WITH NTBS IS  
DESCRIBED AS DISAPPOINTING AND AN APPEAL IS MADE FOR  
INDUSTRIALIZED NATIONS TO FUND NATIONAL AND REGIONAL  
FINANCIAL ORGANIZATIONS TO PROMOTE INDUSTRIAL DEVELOP-  
MENT, TRANSFER APPROPRIATE TECHNOLOGY AND PROVIDE MORE  
MARKETING INFORMATION.

7. THE MAIN NEW SUGGESTION TO EMERGE FROM THE TALKS SO  
FAR IS THAT A "SPECIAL COMMONWEALTH TASK FORCE" SHOULD  
BE SET UP TO TRY TO PREPARE A JOINT APPROACH ON THE  
COMMON FUND. THE PROPOSAL, BACKED BY AUSTRALIAN PRIME  
MINISTER MALCOLM FRASER. IS THAT THE TASK FORCE SHOULD  
REPORT BEFORE NEGOTIATIONS ON THE COMMON FUND RESUME  
IN GENEVA IN NOVEMBER. IT IS DOUBTFUL, HOWEVER, THAT  
THE TASK FORCE WILL BE ABLE TO DO MORE THAN CLARIFY  
THE ISSUE, GIVEN THE WIDE DIFFERENCES BETWEEN THE RICH  
AND POOR NATIONS ON THE DETAILS OF HOW A FUND SHOULD  
OPERATE.

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BREWSTER

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## Message Attributes

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**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 22 May 2009  
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**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
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**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
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**To:** STATE  
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**Review Markings:**  
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